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Sent: Tuesday, May 29, 2007 4:28 PM
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Subject: 49ers City Meeting Notes

Laura:

A brief summary of the meeting Thursday 24-May with the City and Lennar. Most of the discussion focused on a City proposed phasing plan for conveyance (attached). In short the City proposes work on the Stadium Bowl and Parcel B in 2008 and 2009 with conveyance in fall 2009. Conveyance of the utility corridor and some parking areas would follow in 2010 with additional parking to convey in 2011. All of this is meant to be achieved with \$65M per year. We reiterated that funding levels are not enough and the timeline from a physical time to complete the work would not be successful.

City Position

1. Funding required - The City takes the total (b) (5) for the bowl and utility corridor and splits up the funding to (b) (5) in FY08 and (b) (5) in FY09. Since Parcel B and the utility corridor cost roughly the same (b) (5) they want to move the utility corridor to the second phase and move Parcel B up. They also believe that House and Senate will each come up with an additional (b) (5) in the fall budget markup.
2. Parking - The City plans for interim parking measures to be in place for the stadium opening in 2012 but has yet to propose any solutions. Their one solution is that we should be able to find a solution with (b) (5) in 2010 and 2011.
3. Total Cost - City wants to avoid the (b) (5) total price tag and focus on the immediate FY08 and FY09 requests. Stating that if we can identify cost savings and determine an interim parking solution the total price tag may not be (b) (5).
4. Regulatory Agreements - City feels that they can pressure the regulators to renegotiate the Federal Facilities Agreement to move all "must fund" items in the next few years to the stadium effort.
5. Navy's Commitment - Feels the Navy is using the stadium issue to force the City into a different cleanup approach to save costs even if it contradicts the conveyance agreement cleanup levels.

Navy Position

1. Funding required - In letters to Congress and the Navy the City has never yielded from conveyance dates of May 2009 and May 2011. (b) (5) in FY08 and FY09 may add up to our estimated cleanup cost but it does not take into consideration unforeseen contamination which is common at Hunters Point. It also does not consider the funding required for continued cleanup of groundwater and long term monitoring that would be required to support an early transfer. We content the (b) (5) must be in addition to our must fund levels of (b) (5) and that additional funding would be required in FY09 to adequately fund the early transfer effort. This means we need upwards of (b) (5) in each year to make a first phase conveyance in 2009. If the City officially moves from the 2009 and 2011 conveyance dates, it is more likely to be achievable with their proposed funding levels.
2. Parking - Without any hint of an interim parking solution we cannot estimate the cost or time it would take to put in place. Even moving the utility corridor to 2010 seems to put the 2012 construction deadline in jeopardy.
3. Total Cost - We should keep the big picture in play. No matter how it is sliced, the total effort will add up to ~ (b) (5).
4. Regulatory Agreements - Neither the Navy nor the Regulators should agree to paralyze all other parcels for the stadium effort. Under CERCLA we have an obligation to move forward with cleanup and ensure protection of the environment. We can negotiate some efforts but parcels like the landfill and the submerged parcels must continue to move forward.
5. Navy's Commitment - With a know stadium reuse (large area capped) we feel that risk levels can be recalculated and remain protective. In addition, all logical and protective cost savings that can be employed will be critical to meeting such aggressive schedules.



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Phasing Strategy
for the
Cleanup and Transfer of the Hunters Point Naval Shipyard.

The following represents a mutually agreed upon strategy by the Navy and the City of San Francisco for phasing the cleanup and transfer of the Hunters Point Shipyard

1. The Navy and the City, with input from the environmental regulators, the 49ers and Lennar, will continue to identify the best possible location on Parcel D to site the stadium from an environmental perspective. The current proposed location for the stadium site is shown on the map attached hereto as Attachment A.
2. The Navy and the City will work with the environmental regulators to best allocate the spending of “must fund” dollars under the FFA to meet the reuse objectives set forth in this phasing strategy.
3. The Navy and the City will work with the environmental regulators and Lennar to continue to identify opportunities for reducing the costs of the cleanup in ways that do not materially interfere with or increase the costs of long-term redevelopment.
4. In Fiscal Year 2008, the Navy will focus its remediation efforts on addressing radiological issues affecting the approximately 27-acre stadium site on Parcel D, currently estimated at approximately (b) (5) [REDACTED]
5. In Fiscal Year 2009, the Navy will focus its remediation efforts on completing the necessary soil, groundwater and TPH remediation for the stadium site, currently estimated at (b) (5) [REDACTED], and preparing Parcel B for early transfer, currently estimated at (b) (5) [REDACTED].
6. Subject to achieving both the funding levels and cost estimates described above, in the summer of 2009, the Navy and the City would consummate a First Early Transfer of the stadium site and Parcel B, with the City immediately taking title to the stadium site in the summer and with Parcel B transferring later that year or in early 2010.
7. In Fiscal Year 2010, the Navy would first complete the radiological work necessary to transfer the utility corridor (by FOST or FOSET), currently estimated at (b) (5) [REDACTED], and then would allocate the remaining (b) (5) [REDACTED] to radiological work and other “hot spot” removal on the non-stadium portions of Parcel D.
8. In Fiscal Year 2011, the Navy would allocate the full (b) (5) [REDACTED] towards radiological work and other “hot spot” removal on the non-

- stadium portions of Parcel D and, if feasible, certain “cleaner” portions of Parcel E.
9. Subject to achieving both the funding levels and cost estimates described above, in the summer of 2011, the Navy and the City would consummate a Second Early Transfer of Parcel D and, if feasible, certain portions of Parcel E.
 10. To the extent all of the 49ers parking needs cannot be met on the portions of Parcels D and E ready for the Second Early Transfer in 2011, the Navy and the City will work together on interim parking solutions for the 49ers – perhaps via a Lease in Furtherance of Conveyance - on portions of Parcels C or E - until all of the necessary dual use permanent parking areas are complete.
 11. From Fiscal year 2012 onward, the Navy would focus its remediation efforts on finishing the remaining radiological and other “hot spot” removal work necessary to ready the remainder of Parcel E and all of Parcel C for a Third Early Transfer.

The Navy and the City recognize that this phasing strategy is subject to adequate funds being appropriated for the work.